

Facilitate international trade prevent free trade assignment

Business



Do Agencies That Facilitate International Trade Prevent Free Trade? If the answer is yes, the assertion is that the concept of free trade is a gimmick or an unfair scenario. If a nation has more flexibility through trade agreements, and that nation also offers more subsidies to its exporters; other nations that may not be able to offer their businesses equal aid, will not be able to participate in true "free trade". Countries like China and the US wield great power when it comes to trade.

Smaller, less developed nations simply do not have the resources or revenue to offer their Mac's loans, besides and support on the same scale as "superpower" nations do. The other side of the argument, the no side, states that each country has the inherent opportunity to take advantage of free trade agreements, and to offer aid to businesses. If a nation doesn't have the means to do so, they are not impeded by international trade laws, but rather their own fiscal shortcomings. One word comes to mind; China.

Is our trade relationship with China an example of free trade, or is it a situation that should be one of the most talked about topics in Washington DC? The US has an outsourcing robber, and this problem is at the core of the argument about free trade with China. Our free trade relationship is extraordinarily one-sided, with China exporting much more in goods to the US, than it imports. In 2001, China was accepted as a member of the World Trade Organization. Between the years of 2001 and 2006, an average of 353,000 US jobs were lost to China; mostly manufacturing positions. Scott, (2007) When China trades internationally, other nations lose. China is not solely to blame for this trade imbalance. The US has been for decades borrowing money from China to pay for wars and entitlement programs, and <https://assignbuster.com/facilitate-international-trade-prevent-free-trade-assignment/>

when the great recession of 2008 hit home, and then spread worldwide; this pattern of borrowing and begging continued unabashedly. Although the US economy seems to be recovering better than European countries, the ties between the US and China show that as we continue to borrow and accept uneven trade surplus scenarios; we dig ourselves ever deeper concerning China's power over US trade policies.

China ensures that we continue to import their goods in part by paying incredibly low wages, and in part by manipulating the value of the Yuan. When US consumers look for goods they want their stuff cheap. We are accustomed to having options, and we are not above eschewing American made goods, if the price for imports is lower. Until very recently, China did in fact manipulate their currency values to an extreme, in order to unfavorably alter the value of the dollar, and to ensure that their products offered a much better value to US consumers.

China is now starting to allow for a fairer, market valued currency, but the Yuan is still far undervalued in comparison to US dollars. This equates to US consumers choosing China's products over US products, which in turn contributes to less American jobs. Does this scenario hurt other nations concerning free trade? Yes. Trade is no longer based upon the premise of one nation trading its unique resources to another, and getting in return something that can't be obtained domestically. We don't import because we have to: many products that now about appeasing our trade partners because they have power over our currency.

They own our federal assets. They in effect own us right now. China's monetary investment in the United States has ensured that for decades, the trade balance will be severely skewed in their favor. Our job markets are weak because China can get us the goods we need for lower prices. Companies must often choose between outsourcing or bankruptcy. Americans struggle to find jobs, and they struggle to pay their bills. And China continues to subsidize exports, buy up US debt, and ensure that their prosperity relies on the desperation of the US. This is just one example of how free trade isn't really free.

The imbalance of trade between the United States and China equates to far less trade with other nations that may have better scenarios to offer. The US suffers because the dollar is not entirely stable, and because trade with other nations could be more balanced. We have much to offer, our workforce is ready, willing and able to produce. But when we can't even sell to our own citizens because of trade imbalance, how are we to engage in truly fair trade on an international scale?